

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903

**NOTICE OF PROPOSED REGULATION AND PROPOSED AMENDMENT TO
REGULATIONS AND NOTICE OF PUBLIC HEARING**

Notice is hereby given, in accordance with R.I.G.L. §§ 42-14-17 and 42-35-3, that the Department of Business Regulation ("Department") proposes to adopt the following Regulation:

Insurance Regulation 40 – Continuing Education for Insurance Producers

The proposed regulation is designed to set standards for continuing education requirements for insurance producers.

Notice is hereby given, in accordance with R.I.G.L. §§ 42-14-17 and 42-35-3, that the Department of Business Regulation ("Department") proposes to amend the following Regulation

**Insurance Regulation 36 - Insurance Producer Pre-Licensing Education
Requirements for Residents**

The proposed amendments are designed to update pre-licensing education requirement for resident insurance producers.

**Insurance Regulation 103 - Fees for Insurance Producers, Insurance Claim
Adjusters, Motor Vehicle Damage Appraisers,
Surplus Line Brokers, Title Agents and
Continuing Education Course Providers**

The proposed amendments are designed to change the fees for title insurance agents.

Notice is also hereby given, in accordance with R.I. Gen. Laws § 42-35-3, that the Department of Business Regulation will hold a public hearing beginning at 10:00 a.m. on October 10, 2006 in the Main Hearing Room of the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903, regarding the Proposed Amended Regulation.

Copies of the Proposed Regulation and Proposed Amended Regulations are on file at the Department and copies may be obtained from the Legal Division, Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 during

normal working hours on regular business days or by mail upon request. The Proposed Regulation and Proposed Amended Regulations may also be obtained from the Department's website www.dbr.state.ri.us.

In the development of the Proposed Regulation and Proposed Amended Regulations, consideration was given to overlapping approaches, overlap and duplication with other statutory and regulatory provisions and economic impact on small business and cities and towns.

All interested persons may submit their views, data or arguments regarding the Proposed Regulation and Proposed Amended Regulations, including information relating to alternative approaches, duplication or overlap with other state rules or regulations and the economic impact of the Proposed Regulation and Proposed Amended Regulations on small business and/or cities and towns, orally at the public hearing or in writing, either by delivering the same in person or United States mail with postage pre-paid thereon to the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 attention Elizabeth Kelleher Dwyer, Hearing Officer or by e-mail to elizabeth_dwyer@dbr.state.ri.us

ALL WRITTEN SUBMISSION MUST BE RECEIVED NOT LATER THAN
OCTOBER 10, 2006 AT 10:00 A.M.

The hearing room is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Office of Legal Counsel at (401) 222 5400 or TDD 711 not less than ninety-six (96) hours in advance of the hearing date.

A. Michael Marques
Director, Department of Business Regulation

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Proposed
INSURANCE REGULATION 40

CONTINUING EDUCATION FOR INSURANCE PRODUCERS

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Section 1 **Authority**

This Regulation is promulgated in accordance with R.I.G.L. §§ 27-3.2-1 *et seq.* and 42-14-17.

Section 2 **Purpose**

The purpose of this chapter is to establish requirements and standards for continuing education programs for individual resident insurance producers

Section 3 **Definitions**

As used in this Regulation:

- A. “Department” shall mean Department of Business Regulation.
- B. “NAIC” shall mean National Association of Insurance Commissioners.

- C. "License" means a document issued by this state's insurance commissioner authorizing a person to act as an insurance producer or a claim adjuster for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent or inherent, in the holder to represent or commit an insurance carrier.
- D. "Resident" means a person who either resides in Rhode Island or maintains an office in Rhode Island where the business of producing insurance is transacted and designates Rhode Island as the residence for purposes of licensure.
- E. "Reciprocal State" shall mean any state which grants nonresident insurance producer licenses to licensed Rhode Island insurance producers without the necessity of examination on the basis of the Rhode Island license.
- F. "Continuing Education Course Provider" or "Provider" shall mean any person or entity which seeks and receives approval from the Department of Business Regulation to provide a continuing education course(s) for insurance producers pursuant to R.I. Gen. Laws § 27-3.2-1 *et seq.*

Section 4 Applicability

This Regulation applies to individual resident insurance producers licensed to engage in the sale of the following lines or class of insurance:

- 1. Life insurance;
- 2. Health, Accident and Sickness insurance;
- 3. Property insurance;
- 4. Casualty insurance and
- 5. All other lines of insurance for which an examination is required for licensing

Section 5 Exemptions

This chapter does not apply to:

- 1 Those residents holding licenses to sell any kind or kinds of insurance for which an examination is not required;
- 2 Persons holding a limited or restricted license or a license which is exempt by the Department;
- 3 Non-resident licensees who meet continuing education requirements established by the insurance department in their home state if the home state is reciprocal with the State of Rhode Island; or

- 4 Residents holding a license continuously without a lapse of licensure for twenty-five (25) years and who are age fifty-five (55) at the time of renewal or persons who had held a license for at least twenty (20) years and were at least sixty (60) years of age as of July 3, 2004.
 - A. A lapse has occurred if the producers' license expired and was not reinstated.
 - B. A producer's license may be reinstated if the producer submits an Application of License Reinstatement and pays the renewal fee and reinstatement fee if the application is submitted more than thirty days after expiration of the license. If a license is reinstated it is not considered to have lapsed. Licenses cannot be reinstated more than one year after expiration.
 - C. A producer who reinstates must complete continuing education in exactly the same manner as would have been required if the license was renewed prior to the expiration date.
5. Any exemption granted by the Department.

Section 6 Educational Requirements

Any person to which this Regulation applies shall, for each twenty four (24) month period beginning with the first renewal of the license, satisfactorily complete approved continuing education courses equivalent to a minimum of twenty four (24) accumulated credit hours with a minimum of five (5) hours in each line of authority for which the producer is licensed and a minimum of three (3) hours in ethics. Producers will not receive credit for a repeat of the same course within the two year renewal cycle.

A person teaching any approved course of instruction or lecturing at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, seminar, or program.

Section 7 Approved Courses

The following are the categories of courses that are approved for continuing education credit:

1. Pre-approved Courses
 - a. Any part of the life underwriter training council life course curriculum: fifty (50) hours; health course: twenty-five (25) hours;
 - b. Any part of the American college Certified Life Underwriter (CLU) diploma curriculum: thirty (30) hours;
 - c. Any part of the Insurance Institute of America's program in general insurance: twenty-five (25) hours;

- d. Any part of the American Institute for Property and Liability Underwriter's Chartered Property Casualty Underwriter (CPCU) professional designation program: thirty (30) hours.
 - e. Any part of the certified insurance counselor program: twenty-five (25) hours;
 - f. Any insurance related course approved by the insurance commissioner taught by an accredited college or university, per credit hour granted: fifteen (15) hours;
 - g. Any part of the accredited advisor in insurance program: twenty-five (25) hours;
 - h. Any part of the registered health underwriter (RHU) designation program: thirty (30) hours;
2. Rhode Island approved courses

Any course or program of instruction, seminar or correspondence course approved by the Director shall qualify for the number of hours assigned to it by the Director. Courses approved for Rhode Island shall be assigned a unique course number that is valid for a period of two (2) years. Providers are required to resubmit course material at least thirty (30) days prior to the expiration date of the course. Once the course is reviewed and approved, the provider shall be reassigned a new course number.

3. Courses approved in other states

Any nationally recognized approved continuing education course, program of instruction, training seminar or correspondence course approved by a reciprocal state shall qualify for the same number of hours assigned to it by the reciprocal state as credit in Rhode Island as if it were approved by the Department.

Section 8 Continuing Education Advisory Board

The Department will be assisted in the review and approval process of Rhode Island courses by two continuing education advisory boards. The Life, Accident and Sickness Board shall consist of up to six (6) persons considered by the Director to have sufficient experience in the effected lines of insurance as necessary to advise the Director on the approval of courses. Persons who are representatives of the Rhode Island Association of Insurance and Financial Advisors, the Independent Insurance Agents of Rhode Island and the Rhode Island Society of Financial Service Professionals are presumed to have such expertise. The Property & Casualty Board shall consist of up to six (6) persons considered by the Director to have sufficient experience in the effected lines of insurance as necessary to advise the Director on the approval of courses. Persons who are representatives of the Independent Insurance Agents of Rhode Island, Rhode Island Association of Insurance and Financial Advisors and the Chartered Property and Casualty Underwriters are presumed to have such expertise.

The board members shall be appointed by the Director and shall serve at his or her pleasure. Board Members shall serve two (2) year terms. The Director shall be empowered to fill any unexpired term upon a vacancy. The Boards shall meet at least once a year and additionally as required. The Boards shall advise the Director on the plans and operations of the continuing education program for any person licensed pursuant to this title and not exempt pursuant to the Regulation.

Section 9 Compliance

1. Any person licensed pursuant to this title and not exempt under section 5 of this Regulation shall comply with all of the terms and requirements of this chapter.
2. Up to twenty-four (24) excess continuing education credits accumulated during a biennial license cycle may be carried forward through the end of the next renewal period.
3. Residents are required to maintain copies of continuing education course certificates that are issued by the approved course provider.
3. The Director, for good cause shown, may grant an extension of time during which the requirements of this chapter may be completed. Unless the Director finds extraordinary circumstances that extension of time shall not exceed the period of one year.
4. Every person subject to the provisions of this chapter shall furnish, in a form satisfactory to the Department, written certification as to the courses, programs, or seminars of instruction taken and successfully completed by that person. The certification shall be executed by or on behalf of the sponsoring organization.

Section 10 Penalty

Any person failing to meet the requirements of this chapter and who has not been granted an extension of time within which to comply or who has submitted a false or fraudulent certificate of compliance, shall be subject to any or all of the penalties in R.I.G.L. § 42-14-16. Such person will be given the opportunity to dispute the allegations and/or penalty pursuant to R.I.G.L. § 42-35-1 *et seq.*

Section 11 Fees

1. All persons licensed pursuant to chapter 2.4 of this title shall pay a fee of five dollars (\$5.00) per annum along with continuing education compliance.
2. All Continuing Education Course Providers shall be charged a fee of \$25.00 for the approval of each continuing education course submitted for approval.

Section 12 Collection of Continuing Education Course Data

The Department may contract with non-governmental entities, including the NAIC or any affiliates or subsidiaries that the NAIC oversees, to perform any ministerial

functions, including the collection of continuing education course data, related to licensing that the Department may deem appropriate.

Section 13 Severability

If any provision of this Regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this Regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this Regulation are severable.

Section 14 Effective Date

This Regulation shall be effective as indicated below.

EFFECTIVE DATE: October , 2006